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This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection at the general office of the Exchange.

LISTING STATEMENT No. 2202

LISTED APRIL 8, 1965
399,114 Shares without par value.
Ticker abbreviation "TCL"
Dial ticker number 1793
Post section 7.2

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

TONE-CRAFT PAINTS LIMITED

Incorporated under the laws of the Province of Ontario
by Letters Patent dated February 21, 1955
as Tone-Craft Paint and Varnish Company Limited.

CAPITALIZATION AS AT APRIL 1st, 1965

SHARE CAPITAL	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
Shares without par value	500,000	399,114	399,114

April 1st, 1965

1. APPLICATION

Tone-Craft Paints Limited (hereinafter called the "Company") hereby makes application for the listing on the Toronto Stock Exchange of 399,114 shares without par value in the capital of the Company, all of which have been issued and are outstanding as fully paid and non-assessable.

2. HISTORY

The Company was incorporated as a private company in 1955, in the Province of Ontario, by Letters Patent, under the name of Tone-Craft Paint and Varnish Company Limited, which name was changed on January 1st, 1965, by Supplementary Letters Patent. By further Supplementary Letters Patent dated February 8th, 1965, the Company was converted into a public company. The Company was established to take over the business of a partnership, W. A. Strongman and Sons, the principals of which became the sole shareholders in the Company. The acquisition of the assets of the partnership was effected on April 5th, 1955.

3. NATURE OF BUSINESS

Reference is made to the attached Prospectus dated February 18, 1965, in respect of an offering of 150,000 issued and outstanding shares without par value in the capital of the Company, particularly to pages 2 and 3 thereof. The Company is engaged in the business of manufacturing and selling a wide range of paints, varnishes, enamels and specialty paint products for homes, institutions, and commercial and industrial concerns. The Company has its head office and a modern, well-equipped plant in Toronto, and at present employs about one hundred and thirty persons. Sales of the Company's products are made through a marketing organization comprising 22 retail and wholesale outlets operated by the Company, 45 independent distributors, and 40 representatives of the Company's sales force.

4. INCORPORATION AND SHARE ISSUES

The Company was incorporated on February 21, 1955, as a private company, by Letters Patent, with an authorized capital of 15,000 common shares without par value and 1,500 non-voting preference shares with a par value of $100.00 each. On April 4, 1955, 10,503 common shares and 990 preference shares were issued. Three common shares were issued to the incorporators at a consideration of $10.00 per share. The Company realized therefrom $30.00. The remaining shares were issued as consideration for the assets of W. A. Strongman and Sons purchased on April 5, 1955 by the Company. The 10,500 common shares realized assets valued at $56,000.00, the 990 preference shares realized assets valued at $99,000.00.

On December 28, 1964, the 990 issued preference shares were redeemed by the Company.

On February 8, 1965, the Company was granted Supplementary Letters Patent:

(a) subdividing the 10,503 issued common shares without par value into 399,114 issued shares without par value;

(b) subdividing the 4,497 unissued common shares without par value into 100,886 unissued shares without par value;

(c) decreasing the authorized capital of the Company by cancelling the 510 unissued preference shares with a par value of $100.00 each;

(d) converting the Company into a public company.

On January 1st, 1965, the Company was issued Supplementary Letters Patent changing its name to Tone-Craft Paints Limited.

5. VOTING POWERS

Every holder of the shares in the capital of the Company is entitled to one vote for each share held at all meetings of the Company.

6. DIVIDEND RECORD

The Company has not paid any dividend on its shares except as follows:

(a) an aggregate dividend sum of $6,368.00 on the 10,503 common shares of the Company outstanding as of February 28, 1960; and

(b) an aggregate dividend sum of $7,500.00 on the 10,503 common shares of the Company outstanding as of December 31, 1963.

7. RECORD OF PROPERTIES

The management and manufacturing operations of the Company are carried on in premises located at 10 Carson Street, Toronto 14 (Etobicoke), Ontario. The premises are leased under a net lease entered into between the Company and W. A. Strongman and Sons Limited, the owner of the land and buildings thereon. All the manufacturing equipment on the leased premises is owned by the Company. The plant is a two-storey building of concrete, brick and steel frame construction, containing 50,000 square feet of manufacturing and office floor space. The plant is modern and well equipped. The Company also has leased retail premises in 18 cities in Canada from which it conducts its retail operations.

8. SUBSIDIARIES

The Company has two subsidiaries, Tone-Craft Paints (Toronto) Limited, and Tone-Craft Paints (Hamilton) Limited. The operations of these two companies has recently been transferred to the Company, and they are both now in the process of being wound up.

Tone-Craft Paints (Toronto) Limited was incorporated in the Province of Ontario by Letters Patent issued on the 15th of September, 1959, for the purpose of carrying on the business of manufacturing and selling paint and similar products in the Toronto area. The authorized capital originally consisted of 360 non-voting preference shares with a par value of $100.00 each, and 4,000 common shares without par value. On December 13, 1960, Supplementary Letters Patent were issued to Tone-Craft Paints (Toronto) Limited varying the authorized capital to provide for an authorized capital of:

(a) 4,000 common shares without par value;

(b) 4,500 non-voting first preference shares with a par value of $10.00 each;

(c) 1,000 second preference shares with a par value of $1.00 each.

Tone-Craft Paints (Hamilton) Limited was similarly incorporated on September 15th, 1959, with an identical authorized capital. Similarly, the authorized capital was changed in the same way on December 13, 1960. The history of the shares is as follows:

TONE-CRAFT PAINTS (TORONTO) LIMITED:
COMMON SHARES:

Date	Authorized	Issued	Percentage owned by Company	Comment
Sept. 18/59	4,000	97	65%	66 shares allotted to Tone-Craft Paints & Varnish Co. Ltd.
Dec. 20/60			100%	Tone-Craft Paint & Varnish Co. Ltd. purchased remaining 31 issued common shares.

1ST PREFERENCE SHARES:
None issued.

2ND PREFERENCE SHARES:

Dec. 20/60	1,000	101	0%	None allotted to the Company.
Dec. 11/64			100%	All issued shares purchased by the Company.

TONE-CRAFT PAINTS (HAMILTON) LIMITED:
COMMON SHARES:

Date	Authorized	Issued	Percentage owned by Company	Comment
Sept. 18/50	4,000	97	65%	66 shares allotted to Tone-Craft Paints & Varnish Co. Ltd.
Dec. 20/60			100%	Tone-Craft Paint & Varnish Co. Ltd. purchased remaining 31 issued common shares.

1ST PREFERENCE SHARES:
None issued.

2ND PREFERENCE SHARES:

Dec. 20/60	1,000	101	0%	None allotted to the Company.
Dec. 11/64			100%	All issued shares purchased by the Company.

This Prospectus is not, and under no circumstances is to be construed as, a public offering of these shares for sale in the United States of America or in the territories or possessions thereof.

OUTSTANDING SHARES

150,000 Shares

without par value

Tone-Craft PAINTS LIMITED

(Incorporated under the laws of Ontario)

Transfer Agent and Registrar:

Montreal Trust Company,

Toronto, Montreal, Winnipeg and Vancouver.

Application for the listing on The Toronto Stock Exchange of the shares without par value in the capital of Tone-Craft Paints Limited to be outstanding has been approved subject to the filing of documents and evidence of satisfactory distribution within 90 days of the date of such approval.

The shares offered hereby are being purchased from shareholders of the Company and proceeds of the sale thereof will not be received by the Company.

We, as principals, offer these 150,000 shares without par value in the capital of Tone-Craft Paints Limited, subject to prior sale and change in price, if, as and when purchased and accepted by us and subject to the approval of all legal matters on behalf of the Company by Messrs. Cameron, Brewin, McCallum & Scott, Toronto, Ontario, and on our behalf by Messrs. Wardlaw & Whittaker, Toronto, Ontario.

PRICE: $8.50 per share

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that definitive share certificates will be available for delivery on or about March 8, 1965.

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The following information has been supplied by Mr. D. R. Strongman, President of Tone-Craft Paints Limited.

The Company

Tone-Craft Paints Limited (hereinafter called the "Company") was incorporated under the laws of the Province of Ontario on February 21, 1955 as a private company under the name of Tone-Craft Paint and Varnish Company Limited, which name was changed on January 1, 1965 to Tone-Craft Paints Limited. By Supplementary Letters Patent dated February 8, 1965 the Company was converted into a public company.

The Company has its head office and plant in Toronto, Ontario and is engaged in the business of manufacturing and selling a wide range of paints, varnishes, enamels and specialty paint products for homes, institutions and commercial and industrial concerns. The Company was incorporated to continue the operation of a paint and decorating business owned by the Strongman family and established in Toronto in 1912 by the late W. A. Strongman. The Strongman family have had many years of experience in the decorating and paint merchandising businesses and, prior to incorporating the present Company, manufactured their own line of paints which they sold through their own specialty paint store serving retail customers and the paint and decorating trade. The Company has continued the development, manufacture and sale on a larger and broader scale of the Strongman family's own line of conventional and specialty paints. In addition, the Company, as sole Canadian licencee, manufactures and sells under an exclusive licence from Messrs. Corns. Cremer & Co. of Hamburg, West Germany, a special anti-corrosive metal primer which is marketed under the registered trade mark "CORROLESS". The Company also has under way plans to manufacture and sell under an exclusive licence in Canada another product called "Sāf", a special fire retardant paint with decorative qualities. Further particulars regarding these products are set forth below under the section headed "Products".

The Company is one of the larger wholly Canadian-owned and operated paint manufacturing and distributing companies in Canada and ranks as one of the leading paint producing companies in the country. For the year ended December 31, 1964 sales of the Company amounted to nearly $4,000,000.

Plant Operations

Manufacturing operations of the Company are carried out on premises located in Metropolitan Toronto, which are leased under a net lease entered into between the Company and W. A. Strongman and Sons Limited, the owner of the land and the building thereon. All manufacturing equipment on the leased premises is owned by the Company. Under the terms of the lease dated February 1, 1965, the Company leases its land and the building at a fixed annual rental for a 20-year term ending on January 31, 1985 subject to a provision whereby the Company has the right to extend the lease term for two consecutive 10-year periods and a right of first refusal to purchase the leased land and the building. The plant is located at 10 Carson Street, Etobicoke, in the Municipality of Metropolitan Toronto, and consists of a two-storey building of concrete, brick and steel frame construction containing 50,000 square feet of manufacturing and office floor space. It is anticipated that an additional 4,200 square feet of office floor space will be added in the spring of 1965 and will be leased under the above-mentioned lease.

Present productive facilities of the Company are able to meet the increased demand envisaged in the near future for the Company's products without having to expend funds on additional plant and equipment. The Company is well equipped with modern, efficient manufacturing equipment and laboratory facilities for the manufacture and development of the Company's products. Adequate storage facilities are maintained within the premises for the warehousing of the Company's raw materials and finished products.

To complement its modern and efficient manufacturing facilities and to handle expanding sales, the Company has installed electronic data processing equipment (Univac) to centralize its invoicing and billing operations across Canada. Such equipment enables the Company to invoice its customers daily and make bi-monthly billings, with the result that greater efficiency is obtained through constant control of inventory and shipments and faster collection of accounts receivable.

In 1964 the Company acquired all the issued and outstanding voting preference shares of the par value of $1 each in the capital of its two sales companies, Tone-Craft Paints (Toronto) Limited and Tone-Craft Paints (Hamilton) Limited. In the interest of centralization, the operations of these two wholly-owned sales subsidiary companies have been transferred to the Company with effect from the close of business on December 31, 1964 and these two subsidiary companies are in the process of being wound up.

At present approximately 130 persons are employed by the Company. All employees participate in comprehensive pension, group insurance and health benefit plans entered into with the Company on a contributory basis and the manufacturing and office staff participate in a profit sharing plan. Relations with employees, many of whom have a long service record with the Strongman family and the Company, are excellent and this is reflected in a high level of plant production and efficiency.

Products

The Company manufactures and sells a complete range of quality paints, varnishes and enamels in over 1,000 different colours. Most of these products have been developed and tested in accordance with the rigid specifications established by the Company's own technical and research department. Products manufactured and sold by the Company have been developed for use on almost every type of indoor or outdoor surface requiring paint protection or decoration. These include conventional and specialty paints, varnishes and enamels for interior and exterior walls and trim, furniture, all concrete surfaces, the maintenance of industrial and commercial buildings and equipment and, in addition, anti-corrosive paints.

The following are Company product names protected by registered trade marks and sold under the trade mark of Tone-Craft:

Pli-Tone	Perma-Tile	Astra-Tone
Tone-Glo	Pli-Tone "X"	Astra-Lite
Pli-Glo	Perma-Tone	Astra-Glo
Ligtone	Bloc-Mate	Astra

In addition to the many products developed and sold by the Company, the Company is licenced to manufacture and sell two leading specialty paint products that have been developed outside Canada and which are expected to contribute significantly to the Company's future volume of business. These products are as follows:

"CORROLESS", which is manufactured under licence in over thirty countries and sold throughout the world, is manufactured and sold in Canada by the Company under the terms of an exclusive licence from Messrs. Corns. Cremer & Co. Developed in Germany, "CORROLESS" is an anti-corrosive metal primer which has won the well-known John C. Vaaler Award in the United States of America as representing a major advance in corrosion control. Unlike conventional metal primers, which require completely clean and rust free metal surfaces, "CORROLESS" may be applied over rusted surfaces without first requiring the removal of firmly adhering basic rust by sand-blasting or other methods, and it causes the rust to convert to magnetite metal, thus preventing corrosion. In extensive tests under varied and extreme atmospheric conditions this product has proved superior to conventional anti-corrosive metal primers as a covering for corroded metal surfaces. Among its many practical applications are its use on indoor and outdoor storage tanks, transportation, construction and marine equipment, and on structural steel for bridges, buildings and hydro towers.

"Sāf", another specialty product soon to be manufactured by the Company under an exclusive licence for Canada granted to the Company, is a plastic water emulsion fire retardant paint developed by Baltimore Paint and Chemical Corporation, Baltimore, U.S.A., and is approved by Underwriters' Laboratories, Inc., which is a testing laboratory sponsored by the National Board of Fire Underwriters in the United States. "Sāf" is a fire retardant paint whose decorative and maintenance qualities are comparable to those of a good grade conventional household paint. In addition to these qualities, Sāf acts as an insulator against heat transmission. Government bodies, hospitals and school boards are now increasingly specifying the use of fire retardant paints on original construction and in maintenance paint work.

Raw Materials

The principal raw materials used by the Company in the manufacture of its products are titanium dioxide, magnesium silicate, aluminum silicate, calcium carbonate, barium sulphate, lead silicate, zinc oxide, silica, lead carbonate, resins, linseed oil, long and medium soya bean oil, talloil, alkyds, estergum, emulsions and shellac. These are purchased from Canadian producers whenever possible. In general, the raw materials required by the Company are available from many suppliers and at present are in good supply.

Marketing Operation

Sales of the Company's products are made through a marketing organization comprising 22 retail and wholesale outlets operated by the Company on leased premises in 18 cities in Canada, 45 independent distributors and 40 representatives of the Company's own sales force. In addition to servicing its distributors, the Company's sales representatives are responsible for sales and service to governments, one of the largest group of users of paint products, and to industry, hospitals, schools, residential developers and the paint and decorating trades.

Management

Mr. D. R. Strongman, President, Mr. W. M. Strongman, Vice-President, and Mr. B. F. Strongman, Secretary-Treasurer and General Manager, have spent all their business lives associated with the paint business. They have been associated with the Company since its formation and have been responsible for the policies which have resulted in its successful development and growth.

Capitalization

By Supplementary Letters Patent dated February 8, 1965, the Company's authorized capital was subdivided so that it presently consists of 500,000 shares without par value of which 399,114 shares are issued and outstanding.

	Authorized	To be Outstanding
Shares without par value	500,000 shs.	399,114 shs.

Record of Growth

Total sales of the Company have increased during the last 10 years at a growth rate averaging approximately 22% per year. This compares with an average annual increase in total Canadian paint sales of approximately 5.5% and an average annual growth in population of approximately 2.3% over the same 10-year period. During this period the total value of the Company's annual sales has risen from $726,611 to $3,922,084.

Earnings

The following report has been received from the auditors of Tone-Craft Paints Limited, Messrs. Arthur A. Crawley & Company, Chartered Accountants.

TONE-CRAFT PAINTS LIMITED

(formerly Tone-Craft Paint and Varnish Company Limited—Note 1)

and Subsidiary Companies

Statement of Consolidated Earnings for the Ten Fiscal Periods ended December 31, 1964—Note 2

Fiscal periods ended Feb. 28	Earnings before depreciation and taxes on income	Provision for depreciation	Earnings before taxes on income	Provision for taxes on income	Net earnings (Note 3)
1956 (11 months)	$ 31,093	$11,233	$ 19,860	$ 3,975	$ 15,885
1957	31,095	12,496	18,599	3,980	14,619
1958	74,012	12,443	61,569	24,500	37,069
1959	139,129	14,656	124,473	54,675	69,798
1960	178,922	16,378	162,544	65,229	97,315
1961	109,471	22,424	87,047	22,993	64,054
1962	146,393	28,196	118,197	34,080	84,117
1963	258,950	30,907	228,043	83,229	144,814
1963—Ten months ended December 31, 1963 (Note 4)	460,000	25,631	434,369	183,316	251,053
1964—Year ended December 31, 1964	696,817	27,062	669,755	336,932	332,823

NOTES:

1. Supplementary Letters Patent dated January 1, 1965 were issued to the Company changing the name of the Company from Tone-Craft Paint and Varnish Company Limited to Tone-Craft Paints Limited.
2. The earnings of the two wholly-owned sales subsidiary companies, Tone-Craft Paints (Toronto) Limited and Tone-Craft Paints (Hamilton) Limited, have been consolidated in the above statement for 1960 and subsequent periods.
3. Tone-Craft Paints (Toronto) Limited has been re-assessed for Federal and Provincial income taxes up to and including the taxation year ended February 28, 1962. Tone-Craft Paints (Hamilton) Limited has been similarly re-assessed up to and including the taxation year ended February 28, 1963. In the event that these two subsidiary companies are not successful in their appeals against income tax assessments in respect of which Notices of Objection have been filed, the net earnings for the fiscal periods ended February 28, 1960, 1961, 1962 and 1963 would be subject to reduction as follows: 1960—$14,803; 1961—$17,421; 1962—$19,955; 1963—$14,964. Due to these amounts having been paid, success in these appeals will ultimately result in the working capital of Tone-Craft Paints Limited being increased by the aggregate amount of $67,143. Tone-Craft Paints Limited has been re-assessed for Federal and Provincial income taxes in the amount of $4,807 in respect of the fiscal year ended February 28, 1963.
4. In 1963 the fiscal year end of the Company was changed from February 28 to December 31.

Auditors' Report

To the Directors,
TONE-CRAFT PAINTS LIMITED.

We have examined the above statement of consolidated earnings of Tone-Craft Paints Limited (formerly Tone-Craft Paint and Varnish Company Limited) and its subsidiary companies, Tone-Craft Paints (Toronto) Limited and Tone-Craft Paints (Hamilton) Limited, for the aforementioned ten fiscal periods ended December 31, 1964. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the above statement supplemented by Notes thereto presents fairly the consolidated earnings of the companies for the said ten fiscal periods ended December 31, 1964, in accordance with generally accepted accounting principles applied on a consistent basis throughout the period.

Toronto, Ontario,
February 18, 1965.

(Signed) ARTHUR A. CRAWLEY & CO.
Chartered Accountants.

According to the above statement of consolidated earnings of Tone-Craft Paints Limited and its subsidiary companies, the consolidated net earnings of the Company averaged $181,420 per annum for the five fiscal periods ended December 31, 1964, and amounted to $332,823 for the year ended December 31, 1964, respectively equivalent to 45 cents and 83 cents per share for each of the outstanding 399,114 shares without par value in the capital of the Company.

Dividend Policy

No dividend policy has been established since the date of the Company's incorporation. Subject to prevailing business conditions and continuing satisfactory earnings, it is the intention of the Board of Directors to consider the declaration and payment of dividends on the shares of the Company following determination of the earnings of the Company for the first six months of its fiscal year ending December 31, 1965.

TONE-CRAFT PAINTS LIMITED

(formerly Tone-Craft Paint and Varnish Company Limited—Note 1)

and Subsidiary Companies—Note 2

Consolidated Balance Sheet as at December 31, 1964

Assets

CURRENT				
Cash			$ 54,625	
Short term investments			100,000	
Accounts receivable—trade		$548,289		
Less: Allowance for doubtful accounts		39,221	509,068	
Accounts receivable—other			27,961	
Inventories of raw materials, manufactured products, and other merchandise valued at the lower of cost or market prices			486,782	
Prepaid expenses			18,835	$1,197,271
SHARES IN TWO NON-OPERATING SUBSIDIARIES				6
FIXED	Cost	Accumulated Depreciation	Net Book Value	
Furniture, fixtures and equipment	$227,250	$148,399	$ 78,851	
Storage tanks	8,251	4,133	4,118	
Motor vehicles	23,395	13,150	10,245	
Parking lot	14,522	580	13,942	
	$273,418	$166,262	107,156	
Improvements to rented premises, at cost less amounts written-off			20,707	127,863
OTHER—at cost				
Goodwill			124,100	
Incorporation expense			3,754	127,854
				$1,452,994

Liabilities

CURRENT			
Accounts payable and accrued liabilities		$ 147,130	
Income taxes payable—estimated		217,382	$ 364,512

Shareholders' Equity

CAPITAL STOCK:				
Authorized—(Notes 3 and 4)				
510	5% non-cumulative non-voting preference shares redeemable at par value of $100 each	$ 51,000		
15,000	common shares of no par value	150,000		
		$ 201,000		
Issued—				
10,503	common shares (Note 4)		56,036	
EARNED SURPLUS (Note 5)				
Balance, December 31, 1963		$ 767,476		
Add: Net profit for year		332,823		
		1,100,299		
Deduct: Adjustment to prior years' taxes		67,853	1,032,446	1,088,482
				$1,452,994

Approved on behalf of the Board

(Signed) D. R. STRONGMAN, Director

(Signed) B. F. STRONGMAN, Director

The accompanying notes are an integral part of this Balance Sheet.

TONE-CRAFT PAINTS LIMITED

and Subsidiary Companies

Notes to the Consolidated Balance Sheet

as at December 31, 1964

1. Supplementary Letters Patent dated January 1, 1965 have been issued to the Company changing the name of the Company from Tone-Craft Paint and Varnish Company Limited to Tone-Craft Paints Limited.

2. The operations of the Company's two wholly-owned sales subsidiaries, Tone-Craft Paints (Toronto) Limited and Tone-Craft Paints (Hamilton) Limited, have been transferred to Tone-Craft Paints Limited with effect from the close of business on December 31, 1964 and these two subsidiary companies are now in the process of being wound up.

3. During 1964, 990 preference shares of the par value of $100 each in the capital of Tone-Craft Paints Limited were redeemed at par value.

4. Supplementary Letters Patent dated February 8, 1965 have been issued to the Company authorizing the following changes:

   (a) changing the Company from a private company to a public company;

   (b) subdividing the 10,503 issued common shares of the Company without par value into 399,114 issued shares without par value and changing the remaining 4,497 unissued common shares into 100,886 unissued shares without par value ranking on a parity with such 399,114 issued shares; and

   (c) cancelling all the 510 unissued preference shares of the Company.

5. Tone-Craft Paints (Toronto) Limited has a contingent liability in the aggregate amount of $20,300, plus interest, for income taxes for its fiscal periods ended February 28, 1963 and December 31, 1963, respectively, and Tone-Craft Paints (Hamilton) Limited has a contingent liability in the amount of $9,072, plus interest, for income taxes payable in respect of its fiscal period ended December 31, 1963. These contingent liabilities are subject to the results of the Notices of Objection filed by these companies in respect of preceding taxation years.

6. The Company is obligated under a lease of the land and building at 10 Carson Street, Toronto 14 (Etobicoke), for $26,000 per annum from February 1, 1965 for twenty years or a total of $520,000.

Auditors' Report

To the Directors,
TONE-CRAFT PAINTS LIMITED.

We have examined the consolidated balance sheet of Tone-Craft Paints Limited (formerly Tone-Craft Paint and Varnish Company Limited) and its subsidiary companies, Tone-Craft Paints (Toronto) Limited and Tone-Craft Paints (Hamilton) Limited. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet, supplemented by Notes 1 to 5 thereto, presents fairly the consolidated financial position of the companies as at December 31, 1964, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year.

Toronto, Ontario,
February 18, 1965.

(Signed) ARTHUR A. CRAWLEY & CO.
Chartered Accountants.

Statutory Information

1. The full name of the Company is Tone-Craft Paints Limited (hereinafter called the "Company") and the address of its head office is 10 Carson Street, Toronto 14 (Etobicoke), Ontario.

2. The Company was incorporated under the laws of Ontario by Letters Patent dated February 21, 1955. Supplementary Letters Patent were issued to the Company dated January 1, 1965, changing the name of the Company from Tone-Craft Paint and Varnish Company Limited to Tone-Craft Paints Limited. Supplementary Letters Patent have been issued to the Company dated February 8, 1965, authorizing the following changes:

(a) changing the Company from a private company to a public company;

(b) subdividing the 10,503 issued common shares of the Company without par value into 399,114 issued shares without par value and changing the remaining 4,497 unissued common shares into 100,886 unissued shares without par value ranking on a parity with the 399,114 issued shares hereinbefore mentioned;

(c) cancelling all the 510 unissued preference shares of the Company.

3. The general nature of the business actually transacted or to be transacted is the manufacture and sale of paints, varnishes, enamels and specialty paint products.

4. The names in full, present occupation and home addresses of the officers and directors of the Company are as follows:

Officers

Delbert Ray Strongman	President	1585 Pinetree Cres., Port Credit, Ontario.
William Morley Strongman	Vice-President	17 Princess Margaret Blvd., Islington, Ontario.
Bruce Franklin Strongman	Secretary-Treasurer	1720 Lincolnshire Drive, Port Credit, Ontario.

Directors

Delbert Ray Strongman	Executive	1585 Pinetree Cres., Port Credit, Ontario.
William Morley Strongman	Executive	17 Princess Margaret Blvd. Islington, Ontario.
Bruce Franklin Strongman	Executive	1720 Lincolnshire Drive, Port Credit, Ontario.
John Emerson Langdon	Investment Dealer	43 Glenayr Road, Toronto 10, Ontario.
James Franklin McCallum	Lawyer	161 Cortleigh Blvd., Toronto 12, Ontario.

5. The auditors of the Company are Messrs. Arthur A. Crawley & Company, Chartered Accountants, 347 Bay Street, Toronto.

6. Montreal Trust Company, at its principal office in the Cities of Toronto, Montreal, Winnipeg and Vancouver, is the Transfer Agent and Registrar of the shares in the capital of the Company.

7. The authorized share capital of the Company is 500,000 shares without par value, of which 399,114 shares are issued and outstanding as fully paid and non-assessable.

8. All the shares in the capital of the Company rank equally as to dividends, carry one vote per share and have equal rights on liquidation or distribution of capital assets.

9. No bonds or debentures are now outstanding or are proposed to be issued, and no other securities are issued or are proposed to be issued, which if issued will rank ahead of or pari passu with the securities offered.

10. No substantial indebtedness is to be created or assumed which is not shown on the balance sheet as at December 31, 1964 forming part of this Prospectus.

11. No securities of the Company are covered by outstanding options given by the Company or proposed to be given by the Company.

12. The number of securities offered by this Prospectus consists of 150,000 shares without par value and their correct descriptive title, the issue price thereof to the public and the terms thereof, are as stated on the facing page of this Prospectus to which reference is hereby expressly made.

13. The estimated net proceeds to be derived from the sale of the 150,000 shares without par value is $1,200,000. The said net proceeds are to be received by Messrs. Delbert Ray Strongman, William Morley Strongman and Bruce Franklin Strongman, as vendors, with respect to the shares so sold and no part of such proceeds will be received by the Company. The expenses of the sale of the said 150,000 shares are to be paid by the said selling shareholders.

14. The securities offered hereby are being purchased from shareholders of the Company and the proceeds of the sale thereof will not be received by the Company.

15. Since the shares offered by this Prospectus are already issued and outstanding, in the opinion of the directors no minimum amount must be raised by the issue of such shares.

16. Under an Underwriting Agreement dated January 26, 1965, each of Messrs. Delbert Ray Strongman, William Morley Strongman and Bruce Franklin Strongman agreed to sell and McLeod, Young, Weir & Company Limited agreed to purchase 50,000 of the said issued and outstanding 399,114 shares without par value in the capital of the Company owned equally by the said vendors, for $8.00 per share, payable in cash against delivery of the certificates in definitive form representing 150,000 of the said issued shares, on or about March 8, 1965.

17. The by-laws of the Company contain the following provisions with respect to the remuneration of directors:

"The directors shall be paid such remuneration, if any, as the board may from time to time determine. Any remuneration so payable to a director who is also an officer or employee of the Company or who is counsel or solicitor to the Company or otherwise serves it in a professional capacity shall be in addition to his salary as such officer or to his professional fees as the case may be. In addition, the board may by resolution, from time to time, award special remuneration out of the funds of the Company to any director who performs any special work or service for, or undertakes any special mission on behalf of the Company outside the work or services ordinarily required of a director of the Company. The directors shall also be paid such sums in respect of their out-of-pocket expenses incurred in attending board, committee or shareholders' meetings or otherwise in respect of the performance by them of their duties as the board may from time to time determine. No confirmation by the shareholders of any such remuneration or payment shall be required."

18. No remuneration was paid by the Company during its last financial year to directors of the Company as such, and the aggregate remuneration paid during such financial year to officers of the Company who individually received remuneration in excess of $10,000 per annum was $62,775. The aggregate remuneration estimated to be paid or payable by the Company during the current financial year to directors of the Company as such is $2,500 and to officers of the Company who individually may be entitled to receive remuneration in excess of $10,000 per annum is $66,000.

19. No amount has been paid within the two years preceding the date hereof or is payable by the Company as a commission for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or obligations of the Company.

20. The Company has been carrying on business for more than one year.

21 & 22. No property has been purchased or acquired by the Company and none is proposed to be purchased or acquired, the purchase price of which is to be defrayed in whole or in part out of the proceeds of the shares offered by this Prospectus or the purchase or acquisition of which has not been completed at the date of this Prospectus, other than in the ordinary course of operations or on the general credit of the Company. No property has been purchased or acquired by the Company and none is proposed to be purchased or acquired, the purchase price of which has been paid within the two years preceding the date hereof or is to be paid in whole or in part in securities of the Company.

23. No securities of the Company have been issued or agreed to be issued as fully or partly paid up otherwise than in cash within the two years preceding the date hereof.

24. No obligations are being offered by this prospectus.

25. No services have been or are to be rendered to the Company which are to be paid for by the Company, wholly or partly, out of the proceeds of the present issue of securities and no services have been, within the two years preceding the date hereof, or are now proposed to be, paid for by securities of the Company.

26. Nothing has been paid within the two years preceding the date hereof or is intended to be paid to any promoter.

27. Within the two preceding years the Company has entered into the following material contracts in addition to those in the ordinary course of business:

(a) Lease dated February 1, 1965, between W. A. Strongman and Sons Limited, as landlord, and the Company, as tenant, of the land and building occupied by the Company at 10 Carson Street, Toronto 14 (Etobicoke), at a fixed annual rental for a 20-year term ending on January 31, 1985, subject to a provision whereby the Company has the right to extend the lease term for two consecutive 10-year periods and a right of first refusal to purchase the leased land and the building;

(b) Agreement dated November 20, 1962 between the Company and Messrs. Corns. Cremer & Co. of Hamburg, West Germany, whereby the Company was granted exclusive rights of manufacture and distribution in Canada of a special anti-corrosive metal primer under the registered trade mark "CORROLESS" for a period of fifteen years, subject to the provisions of this Agreement;

(c) Agreement dated July 31, 1964 between the Company and Sāf Paint Company, a Division of Baltimore Paint and Chemical Corporation of Baltimore, Maryland, U.S.A., whereby the Company was granted exclusive rights of manufacture and distribution in Canada of a fire retardant paint known as Sāf 404 and of any other fire retardant paint made by the Licensor, for a period of five years (with a provision for automatic renewal for additional and successive five-year periods), subject to the provisions of this Agreement.

Copies of the foregoing Lease and Agreements may be inspected during ordinary business hours at the Company's head office, 10 Carson Street, Toronto 14 (Etobicoke), Ontario, while the shares offered by this Prospectus are in the course of primary distribution to the public and for a period of 30 days thereafter.

(d) In 1964 the Company acquired all the issued and outstanding voting preference shares of the par value of $1 each in the capital of its two sales companies, Tone-Craft Paints (Toronto) Limited and Tone-Craft Paints (Hamilton) Limited.

28. Each of three directors of the Company, namely, Delbert Ray Strongman, William Morley Strongman and Bruce Franklin Strongman, is interested in the lease referred to in paragraph **27**(a) hereof by reason of his owning 24 common shares of W. A. Strongman and Sons Limited and all of the remaining issued common shares of the said company are owned by or held for the respective wives and children of the said three directors.

With the exception aforesaid, no director of the Company or a firm of which a director is a partner is interested in any property acquired by the Company within the preceding two years or proposed to be acquired by the Company.

29. The Company has been carrying on business for more than three years.

30. Messrs. Delbert Ray Strongman, William Morley Strongman and Bruce Franklin Strongman, whose addresses are hereinbefore set out, by reason of beneficial ownership of securities of the Company, are in a position to elect or cause to be elected a majority of the directors of the Company.

31. No securities of the Company are held in escrow.

32. No dividends have been paid during the five years preceding the date of this Prospectus, except as follows:

(a) an aggregate dividend sum of $6,368 on the 10,503 common shares of the Company outstanding as of February 28, 1960; and

(b) an aggregate dividend sum of $7,500 on the 10,503 common shares of the Company outstanding as of December 31, 1963.

Reference is made to the section headed "Dividend Policy" on page 4 of this Prospectus.

33. There are no other material facts not disclosed in the foregoing.

The foregoing declarations constitute full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario), by Section 39 of The Securities Act, 1954 (Saskatchewan), by Part IX of The Securities Act, 1955 (Alberta), by Part VII of the Securities Act, 1962 (British Columbia) and under the Quebec Securities Act, and there is no further material information applicable other than in the financial statements or reports where required or exigible.

Dated this 18th day of February, 1965.

Directors

(Signed) D. R. Strongman

(Signed) J. F. McCallum

(Signed) W. M. Strongman

(Signed) John E. Langdon

(Signed) B. F. Strongman

Underwriters

To the best of our knowledge, information and belief, the foregoing declarations constitute full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario), by Section 39 of The Securities Act, 1954 (Saskatchewan), by Part IX of The Securities Act, 1955 (Alberta), by Part VII of the Securities Act, 1962 (British Columbia) and under the Quebec Securities Act, and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

McLeod, Young, Weir & Company Limited

per (Signed) L. E. Barlow

The following includes the names of all persons having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of McLeod, Young, Weir & Company Limited: J. S. Dinnick, F. O. Evans, C. P. Keeley, G. C. MacDonald, R. W. Wadds, J. R. Hilborn and R. J. G. Reiner.

9. FUNDED DEBT

The Company has no funded debt.

10. OPTION AGREEMENTS, Etc.

There are no outstanding options, underwritings, sale agreements or other contracts or agreements of a like nature with respect to any unissued or issued shares held for the benefit of the Company.

11. LISTING ON OTHER STOCK EXCHANGES

There are no securities of the Company listed on any other Stock Exchange.

12. STATUS UNDER SECURITIES ACTS

Particulars of any filing, registration, approval or qualification with or by the Ontario Securities Commission or any corresponding governmental body or authority are as follows:

(a) The Ontario Securities Commission issued its official receipt dated February 22, 1965, acknowledging receipt of the material required under The Securities Act (Ontario) in reference to the offering of 150,000 shares without par value in the capital of the Company;

(b) The British Columbia Securities Commission issued its official receipt dated February 23, 1965, acknowledging receipt of the material required under Part VII of the Securities Act (British Columbia) 1962 in reference to the offering of 150,000 shares without par value in the capital of the Company;

(c) The Alberta Securities Commission accepted for filing the Prospectus of the Company dated February 18, 1965, hereinafter referred to as the "said Prospectus") on February 23, 1965, and authorized the sale of 150,000 shares without par value to the public of Alberta at a price of $8.50 per share;

(d) The Saskatchewan Securities Commission issued its official receipt of the said Prospectus and related material filed subject to the provisions of Section 39 of The Securities Act, 1954 (Saskatchewan) on February 26, 1965.

(e) The Department of the Provincial Secretary of the Province of Manitoba on February 22, 1965, issued its official receipt in respect of the fee for filing a copy of said Prospectus. The Winnipeg Stock Exchange on February 25, 1965, granted approval to the public sale of 150,000 shares in the capital of the Company in the Province of Manitoba;

(f) On March 15, 1965, the Registrar under the Securities Act (Nova Scotia) granted final registration under the said Securities Act of the offering of 150,000 shares in the capital of the Company to the public in the Province of Nova Scotia. Provisional registration was granted on February 23, 1965;

(g) The Quebec Securities Commission on February 22, 1965, granted permission for the trading in the Province of Quebec by brokers registered with the said Commission of all or part of the 150,000 shares in the capital of the Company as described in the said Prospectus, in accordance with the Quebec Securities Act and regulations.

13. FISCAL YEAR

The fiscal year of the Company ends on December 31st in each year.

14. ANNUAL MEETINGS

The by-laws of the Company provide that the annual meeting of shareholders shall be held at such place within Ontario, at such time and on such day in each year as the Board of Directors, or the President, or a vice-president who is a director, may from time to time determine. The last annual meeting was held at the head office of the Company, 10 Carson Street, Toronto 14 (Etobicoke) on March 26, 1964.

15. HEAD AND OTHER OFFICES

The head office is located at 10 Carson Street, Toronto 14 (Etobicoke), Ontario, Canada. The Company has no other offices.

16. TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar of the Company is Montreal Trust Company, at its offices in:

Toronto – 15 King Street West.

Montreal – 1 Place Ville Marie,
77 Dorchester Blvd. West.

Winnipeg – Notre Dame at Albert Street.

Vancouver – 466 Howe Street.

17. TRANSFER FEE

No fee is charged on stock transfers other than the customary Government stock transfer tax.

18. AUDITORS

The auditors of the Company are:

Messrs. Arthur A. Crawley & Company,
Chartered Accountants,
347 Bay Street, Toronto 1.

19. OFFICERS

The Officers of the Company are:

Name	Office	Home Address
Delbert Ray Strongman	President	1585 Pinetree Cres., Port Credit, Ont.
William Morley Strongman	Vice-President	17 Princess Margaret Blvd., Islington, Ont.
Bruce Franklin Strongman	Secretary-Treasurer	1720 Lincolnshire Dr., Port Credit, Ont.

20. DIRECTORS

The directors of the Company are:

Name	Home Address
Delbert Ray Strongman	1585 Pinetree Cres., Port Credit, Ont.
William Morley Strongman	17 Princess Margaret Blvd. Islington, Ont.
Bruce Franklin Strongman	1720 Lincolnshire Drive, Port Credit, Ont.
John Emerson Langdon	43 Glenayr Road, Toronto 10, Ont.
James Franklin McCallum	161 Cortleigh Blvd., Toronto 12, Ont.

CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors, TONE-CRAFT PAINTS LIMITED hereby applies for listing of the above mentioned securities on The Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

Corporate Seal

TONE-CRAFT PAINTS LIMITED

by "W. M. STRONGMAN"
Pres.

"B. F. STRONGMAN"
Secy.

CERTIFICATE OF UNDERWRITER

To the best of our knowledge, information and belief, all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

Corporate Seal

McLEOD, YOUNG, WEIR & COMPANY LIMITED

by "L. E. BARLOW"

"F. O. EVANS"

DISTRIBUTION OF COMMON STOCK AS OF MARCH 30, 1965

Number		Shares
256	Holders of 1 — 99 share lots	9,618
285	" " 100 — 199 " "	29,858
90	" " 200 — 299 " "	18,200
25	" " 300 — 399 " "	7,605
3	" " 400 — 499 " "	1,200
24	" " 500 — 999 " "	12,250
21	" " 1000 — up " "	320,383
704	Shareholders	Total shares 399,114